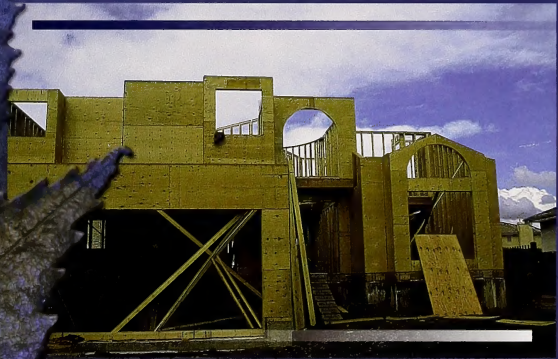


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Economic Impact *of the* Alberta Forest Industry





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Table of Contents

Minister's Message 2

AFPA President's Message 3

Alberta's Forest Resource 4

Primary Manufacturing Economic Contributions 5

Secondary Manufacturing 6

Secondary Manufacturing Economic Contributions 7

Regional Summaries

 Athabasca - Fort McMurray 8

 Rocky Mountain House - Calgary - Southern Alberta 9

 Drayton Valley 10

 Edmonton 11

 Grande Prairie - Grande Cache 12

 Hinton - Edson 13

 Peace River - High Level - La Crete 14

 Slave Lake - High Prairie 15

 Whitecourt 16

Alberta Forest Management Agreement Areas Map 17

Major Mills in Alberta 2003-2004 Map 18

Glossary 19

Contacts 21

The amount of timber harvested does not exceed
the ability of the forest to regrow.



Honourable David Couits
Minister of Sustainable
Resource Development



The forest industry is a cornerstone of the Alberta economy.

Increasingly, opportunities in Alberta's forests are being seized as the industry continues to grow and diversify. In 2003, the primary and secondary forestry sectors contributed \$12.4 billion in revenues and supported more than 48,000 direct and indirect jobs.

The primary forestry sector is actively pursuing opportunities to add value to their operations, through such things as improved wood utilization, wood residue use and customer-focused quality products.

The secondary sector is also an important part of our forest industry and this government continues to build partnerships that support new products and new markets for our secondary sector.

Alberta is committed to managing our forest resources in a sustainable and ecologically sound manner, and I'm pleased to note the forest industry has grown steadily while maintaining its commitments to sustainable forest management. Indeed, forest companies do not harvest more than the forest will grow in a year.

Albertans can be proud of our international reputation for good forest management that involves communities. In our Centennial year, Alberta renews its commitment to wise stewardship of a renewable forest resource that will thrive on the Alberta landscape 100 years from now.



Art Lemay
President
Alberta Forest Products
Association



In October of 1871, the Oblate Fathers of the Lac La Biche Mission built Alberta's first water powered sawmill. Since that time - more than 136 years ago - the forest products industry has continued to be a supportive force in the growth of our province.

Today, forestry is the third largest sector of the Alberta economy and the second largest manufacturing export sector. In 2004, the value of wood products manufactured by Alberta-based operations was more than \$4.7 billion. While creating this value, forestry

operations also protect and enhance the environment, and provide significant support to more than 50 Alberta communities.

The Alberta Forest Products Association is pleased to be a partner in this report on the economic impact of Alberta's forest industry. It provides a snapshot into one of the three key pillars of our industry. The other two are protecting and enhancing our natural environment and benefiting society.

Alberta's forest products industry boasts several of the most modern, efficient and environmentally-friendly plants in the world that manufacture lumber, panelboard, pulp, paper and value-added products like pallets and wood components to customers around the world.

Sustaining Alberta's forests is a shared value between the Government, Albertans and industry. The Alberta forest products industry has been, and continues to be proud and diligent stewards of the forest areas we are allowed to operate on, to ensure that these forestlands will continue to be a sustainable, renewable natural resource for many generations to come.

In 2005, Alberta celebrates its centennial. Alberta's forest industry also celebrates its past, lives in the present and plans for the future of our province's sustainable, renewable, natural resource.

Alberta's Forest Resource

Annual Allowable Cut

Forest Management Agreements
Quota/Deciduous Timber Allocation
Other
Total

Coniferous (m³)

Deciduous(m³)

9,147,245	6,440,380
3,841,548	3,267,105
805,406	365,908
13,794,199	10,073,393

Total Coniferous & Deciduous* - 23,867,592m³

Timber Supply Status

The annual growth of all inventoried forested public lands in the province is estimated at 44.5 million m³ per year.

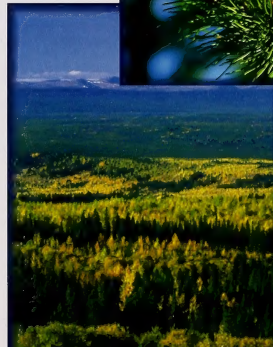
Average Annual Industry Production**

	2003	2002
Lumber (billion board feet)	3.3	3.3
Panelboard (billion square feet)	3.0	2.9
Pulp & Paper (million air-dried metric tonnes)	2.5	2.4

* Alberta Sustainable Resource Development

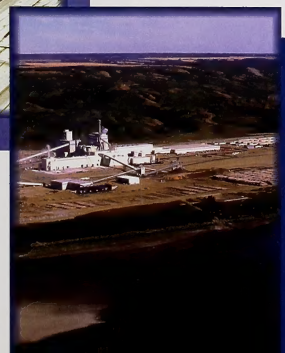
** Alberta Forest Products Association

Our forests cover nearly 60% of the provincial land mass, equalling 38 million hectares or 94 million acres.



Primary Manufacturing Economic Contributions

	2003	2002	Increase/ (Decrease)
Employment			
Total	33,600	28,900	4,700
Direct	11,800	10,300	1,500
Indirect & Induced	21,800	18,600	3,200
Revenue (millions of dollars)			
Total Revenue	9,307.2	9,136.7	170.5
Pulp & Paper	1,787.8	1,742.0	45.8
Panelboard Products	1,407.7	687.1	720.6
Lumber	985.4	1,205.5	(220.1)
Total Direct Revenue	4,180.9	3,634.6	546.3
Total Indirect & Induced Revenue	5,126.3	5,502.1	(375.8)
Corporate Tax	185.8	125.0	60.8
Personal Tax	176.2	183.4	(7.2)
Property Tax	48.1	45.4	2.7
Stumpage/Protection Charges	58.8	67.5	(8.7)



Alberta's forest sector generates annual revenues of approximately \$5.6 billion, plus additional indirect and induced activity amounting to \$12.4 billion.

Secondary Manufacturing

These products listed below are shipped to markets in:*

	2003	2002
Alberta	54%	54%
United States	26%	27%
Western Canada (excluding Alberta)	12%	9%
Eastern Canada	4%	6%
Asia Pacific	3%	2%
Other markets	1%	2%

Alberta's timber is manufactured into a number of high-value products that are used every day in Alberta and in national and international markets.

There are over 550 secondary wood manufacturing companies that are located in 95 communities throughout Alberta.*

Alberta's forest products secondary manufacturing sector is diverse and manufactures a variety of products such as:

Remanufactured Products - re-sawn lumber and wood blocks used to produce high value products.

Pre-fabricated Buildings - prefabricated or pre-cut buildings of wood frame construction.

Cabinetry - Kitchen/Bathroom - wooden kitchen cabinets and bathroom vanities.

Engineered Building Components - structural wood members, other than solid dimension lumber and timber.

Millwork & Finished Products - architectural millwork, industrial or residential.

Furniture & Fixtures - household and office furniture with wood as the main component.

Specialty Items - secondarily manufactured wood products not classified in the above categories.

* PricewaterhouseCoopers, Alberta Forest Products Value Added Manufacturing Industry Benchmark Study, December 2003



Our forested lands provide a quality of life and livelihood for thousands of Albertans, with forestry being a significant contributor to the Alberta economy in at least 50 communities.

Secondary Manufacturing Economic Contributions

	2003	2002	Increase/ (Decrease)
Employment			
Total	14,800	17,500	(2,700)
Direct	7,300	10,400	(3,100)
Indirect & Induced	7,500	7,100	400
Revenue (millions of dollars)			
Total Secondary	3,104.1	2,987.0	117.1
Direct	1,389.1	1,368.0	21.1
Indirect & Induced	1,715.0	1,619.0	96.0
Corporate Tax	74.1	91.9	(17.8)
Personal Tax	87.9	74.8	13.1
Property Tax	14.4	15.8	(1.4)
Revenue Allocated by Region			
Grande Prairie/Grande Cache	24,805	20,473	4,332
Hinton/Edson	21,262	17,548	3,714
Rocky Mountain House & Southern Alberta	683,919	593,714	90,205
Edmonton & Area	659,114	579,091	80,023



The forest sector provides over 48,000 jobs for Albertans (33,600 from the primary and 14,800 from the secondary sector). This generates approximately \$1.4 billion in household income.



Athabasca - Fort McMurray

Employment

Primary & Secondary

Total

Direct

Indirect & Induced

2003

2002

Increase/
(Decrease)

4,900	4,700	200
1,700	1,700	-
3,200	3,000	200

Revenue (millions of dollars)

Total

Direct

Indirect & Induced

1,359	1,481	(122)
610	589	21
749	892	(143)

Corporate Tax

Personal Tax

Property Tax

27.1	20.3	6.8
25.7	29.7	(4.0)
7.0	7.4	(0.4)



Regional Operations

Alberta Pacific Forest Industries Inc.
 Millar Western Forest Products Ltd.
 Northland Forest Products Ltd.
 Sawmills < 100,000 m³

Mill Type	Log Volume Consumed(m ³)		Increase (Decrease)
	2003	2002	

Pulpmill	2,195,000	1,830,000	365,000
Sawmill	470,000	510,000	(40,000)
Sawmill	285,000	200,000	85,000
Sawmill	151,000	115,000	36,000

Regional Summary

Sawmill	906,000	825,000	81,000
Pulp & Paper	2,195,000	1,830,000	365,000

On average, more of Alberta's forest is lost to fires each year than is harvested by the forest products industry.





Rocky Mountain House - Calgary - Southern Alberta

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	9,100	9,900	(800)
Direct	4,200	5,500	(1,300)
Indirect & Induced	4,900	4,400	500
Revenue (millions of dollars)			
Total	2,083	1,905	178
Direct	933	843	90
Indirect & Induced	1,150	1,062	88
Corporate Tax	47.4	50.3	(2.9)
Personal Tax	53.3	45.3	8.0
Property Tax	10.0	9.9	0.1



Regional Operations

	Mill Type	Log Volume Consumed(m ³)		Increase (Decrease)
		2003	2002	
Atlas Lumber (Alberta) Ltd.	Sawmill	125,000	130,000	(5,000)
Spray Lake Sawmills (1980) Ltd.	Sawmill	390,000	295,000	95,000
Sunpine Forest Products Ltd. (Strachan)	Sawmill	80,000	50,000	30,000
Sunpine Forest Products Ltd. (Strachan)	LVL	310,000	210,000	100,000
Sunpine Forest Products Ltd. (Sundre)	Sawmill	1,060,000	840,000	220,000
Sawmills < 100,000 m ³	Sawmill	195,000	185,000	10,000

Regional Summary



Sawmill	1,850,000	1,500,000	350,000
Panelboard (LVL)	310,000	210,000	100,000
Secondary Sales (\$000's)	685,000	595,000	90,000

It takes between 80 and 120 years for a coniferous tree to reach maturity.

Drayton Valley

Employment

Primary & Secondary

Total

Direct

Indirect & Induced

2003

2002

Increase/
(Decrease)

1,500

900

600

500

300

200

1,000

600

400

Revenue (millions of dollars)

Total

Direct

Indirect & Induced

430

291

139

193

116

77

237

175

62

Corporate Tax

Personal Tax

Property Tax

8.6

4.0

4.6

8.1

5.8

2.3

2.2

1.4

0.8



Regional Operations

Weyerhaeuser Company Limited

Weyerhaeuser Company Limited

Sawmills < 100,000 m³

Mill
Type

Log Volume
Consumed(m³)
2003 2002

Increase
(Decrease)

OSB

360,000

325,000

35,000

Sawmill

515,000

485,000

30,000

Sawmill

15,000

25,000

(10,000)

Regional Summary

Sawmill

530,000

510,000

20,000

Panelboard (OSB)

360,000

325,000

35,000



On average, it takes 60 years for a deciduous tree to reach maturity.

Edmonton

Employment

Primary & Secondary

Total

Direct

Indirect & Induced

	2003	2002	Increase/ (Decrease)
--	------	------	-------------------------

Total	7,300	8,600	(1,300)
Direct	3,600	5,100	(1,500)
Indirect & Induced	3,700	3,500	200

Revenue (millions of dollars)

Total

Direct

Indirect & Induced

Total	1,528	1,471	57
Direct	684	674	10
Indirect & Induced	844	797	47

Corporate Tax

Personal Tax

Property Tax

Corporate Tax	36.5	45.2	(8.7)
Personal Tax	43.3	36.8	6.5
Property Tax	7.1	7.8	(0.7)



Regional Summary

Mill
Type

Log Volume
Consumed(m³)
2003 2002

Increase
(Decrease)

Secondary Sales (\$000's)	660,000	580,000	80,000
---------------------------	---------	---------	--------



Alberta's forests are comprised of a variety of commercial tree species with white spruce, black spruce, lodgepole pine, jack pine and balsam fir as the most common coniferous trees. Trembling aspen, balsam poplar and white birch are the most common deciduous species.



Grande Prairie - Grande Cache

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	4,700	3,800	900
Direct	1,700	1,400	300
Indirect & Induced	3,000	2,400	600
Revenue (millions of dollars)			
Total	1,261	1,148	113
Direct	566	460	106
Indirect & Induced	695	688	7
Corporate Tax	25.4	16.6	8.8
Personal Tax	24.4	23.3	1.1
Property Tax	6.5	5.7	0.8

Regional Operations



	Mill Type	Log Volume Consumed(m ³)		Increase (Decrease)
		2003	2002	
Ainsworth Lumber Co. Ltd.	OSB	590,000	775,000	(185,000)
Canadian Forest Products Ltd. - G.P.	Sawmill	850,000	800,000	50,000
Weyerhaeuser Company Limited - G.C.	Sawmill	485,000	490,000	(5,000)
Weyerhaeuser Company Limited - G.P.	Pulpmill	520,000	345,000	175,000
Weyerhaeuser Company Limited - G.P.	Sawmill	785,000	520,000	265,000
Sawmills < 100,000 m ³	Sawmill	25,000	25,000	-

Regional Summary



Sawmill	2,145,000	1,835,000	310,000
Panelboard (OSB)	590,000	775,000	(185,000)
Pulp & Paper	520,000	345,000	175,000
Secondary Sales (\$000's)	25,000	20,000	5,000

It takes approximately three trees to make one cubic metre.



Hinton - Edson

Employment

Primary & Secondary

Total

Direct

Indirect & Induced

2003

2002

Increase/
(Decrease)

4,500

4,300

200

1,600

1,600

-

2,900

2,700

200

Revenue (millions of dollars)

Total

Direct

Indirect & Induced

1,222

1,316

(94)

549

526

23

673

790

(117)

Corporate Tax

Personal Tax

Property Tax

24.6

18.8

5.8

23.6

26.6

(3.0)

6.3

6.6

(0.3)



Regional Operations

Sundance Forest Industries Ltd.

Weldwood of Canada Ltd. (HI-ATHA)

Weldwood of Canada Ltd. (Pulp)

Weyerhaeuser Company Limited

Sawmills < 100,000 m³

Mill
Type

Log Volume
Consumed(m³)
2003 2002

Increase
(Decrease)

Sawmill

530,000

535,000

(5,000)

Sawmill

695,000

710,000

(15,000)

Pulpmill

1,045,000

1,060,000

(15,000)

OSB

420,000

435,000

(15,000)

Sawmill

5,000

5,000

-

Regional Summary

Sawmill

1,230,000

1,250,000

(20,000)

Pulp & Paper

1,045,000

1,060,000

(15,000)

Panelboard (OSB)

420,000

435,000

(15,000)

Secondary Sales (\$000's)

20,000

20,000

-

Reforestation is mandatory in Alberta. An average of approximately 75 million seedlings are planted annually, in addition to sowing seeds and natural regeneration.





Peace River - High Level - La Crete

	2003	2002	Increase/ (Decrease)
Employment			
Primary & Secondary			
Total	6,000	5,800	200
Direct	2,100	2,100	-
Indirect & Induced	3,900	3,700	200
Revenue (millions of dollars)			
Total	1,671	1,837	(166)
Direct	751	731	20
Indirect & Induced	920	1,106	(186)
Corporate Tax	33.4	25.1	8.3
Personal Tax	31.6	36.9	(5.3)
Property Tax	8.6	9.1	(0.5)



Regional Operations	Mill Type	Log Volume Consumed(m ³)		Increase (Decrease)
		2003	2002	
Boucher Brothers Lumber Ltd.	Sawmill	150,000	135,000	15,000
Canadian Forest Products Ltd. - H.C.	Sawmill	350,000	385,000	(35,000)
Daishowa-Marubeni International Ltd.	Pulpmill	1,170,000	1,275,000	(105,000)
Footner Forest Products Ltd.	OSB	625,000	645,000	(20,000)
La Crete Sawmills Ltd.	Sawmill	300,000	230,000	70,000
Manning Diversified Forest Products Ltd.	Sawmill	300,000	275,000	25,000
Seehta Forest Products Ltd.	Sawmill	145,000	230,000	(85,000)
Tolko Industries Ltd. High Level	Sawmill	1,120,000	1,040,000	80,000
Sawmills < 100,000 m ³	Sawmill	210,000	175,000	35,000
Regional Summary				
	Sawmill	2,575,000	2,470,000	105,000
	Panelboard (OSB)	625,000	645,000	(20,000)
	Pulp & Paper	1,170,000	1,275,000	(105,000)



Slave Lake - High Prairie

Employment

Primary & Secondary

Total

Direct

Indirect & Induced

2003

2002

Increase/
(Decrease)

5,400

3,700

1,700

1,900

1,300

600

3,500

2,400

1,100

Revenue (millions of dollars)

Total

Direct

Indirect & Induced

1,495

1,161

334

671

462

209

824

699

125

Corporate Tax

Personal Tax

Property Tax

29.9

15.9

14.0

28.3

23.3

5.0

7.7

5.8

1.9

Regional Operations



Mill
Type

Log Volume
Consumed(m³)
2003 2002

Increase
(Decrease)

Alberta Plywood Ltd.

Sawmill

135,000

145,000

(10,000)

Alberta Plywood Ltd.

Veneer

405,000

430,000

(25,000)

Gordon Buchanan Enterprises Ltd.

Sawmill

305,000

250,000

55,000

Weyerhaeuser Company Limited

OSB

655,000

700,000

(45,000)

Vanderwell Contractors (1971) Ltd.

Sawmill

680,000

665,000

15,000

West Fraser Mills Ltd. (Slave Lake Pulp)

Pulpmill

560,000

420,000

140,000

Sawmills < 100,000 m³

Sawmill

55,000

175,000

(120,000)

Regional Summary



Sawmill

1,175,000

1,235,000

(60,000)

Pulp & Paper

560,000

420,000

140,000

Panelboard (Veneer, OSB)

1,060,000

1,130,000

(70,000)



Whitecourt

Employment

Primary & Secondary

Total

Direct

Indirect & Induced

2003

2002

Increase/
(Decrease)

4,900

4,800

100

1,700

1,700

-

3,200

3,100

100

Revenue (millions of dollars)

Total

Direct

Indirect & Induced

1,360

1,515

(155)

611

603

8

749

912

(163)

Corporate Tax

Personal Tax

Property Tax

27.1

20.7

6.4

25.7

30.4

(4.7)

7.0

7.5

(0.5)

Regional Operations



Mill
Type

Log Volume
Consumed(m³)
2003 2002

Increase
(Decrease)

Alberta Newsprint Company

Pulp & Paper

1,180,000

980,000

200,000

Millar Western Forest Products Ltd.

Pulpmill

600,000

405,000

195,000

Millar Western Forest Products Ltd.

Sawmill

765,000

725,000

40,000

Mostowich Lumber Ltd.

Sawmill

175,000

200,000

(25,000)

Spruceland Millworks Inc. (Timeu)

Sawmill

185,000

180,000

5,000

West Fraser Mills Ltd. (Blue Ridge Lumber)

Sawmill

1,035,000

915,000

120,000

Sawmills < 100,000 m³

Sawmill

75,000

135,000

(60,000)

Regional Summary



Sawmill

2,235,000

2,155,000

80,000

Pulp & Paper

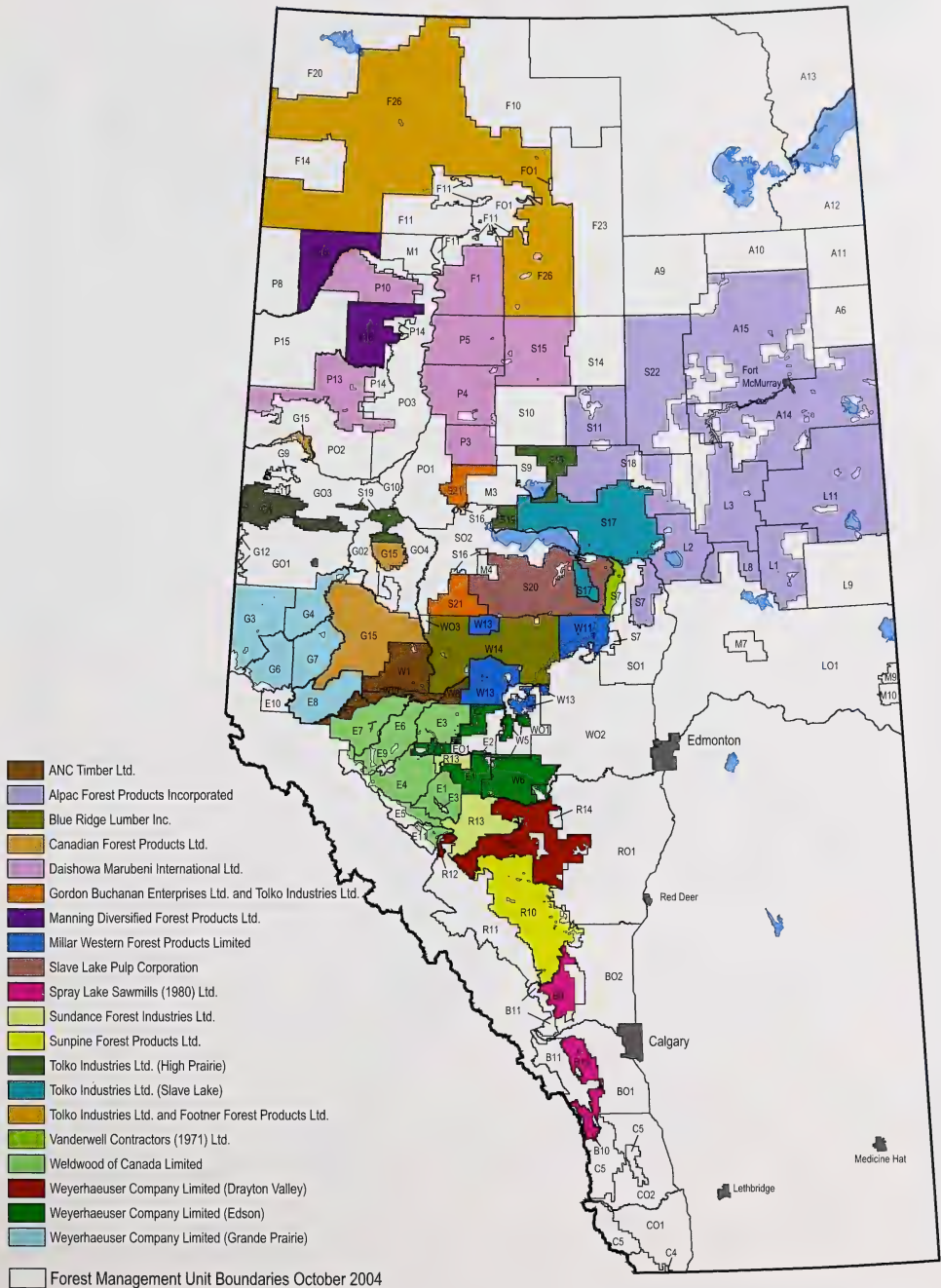
1,780,000

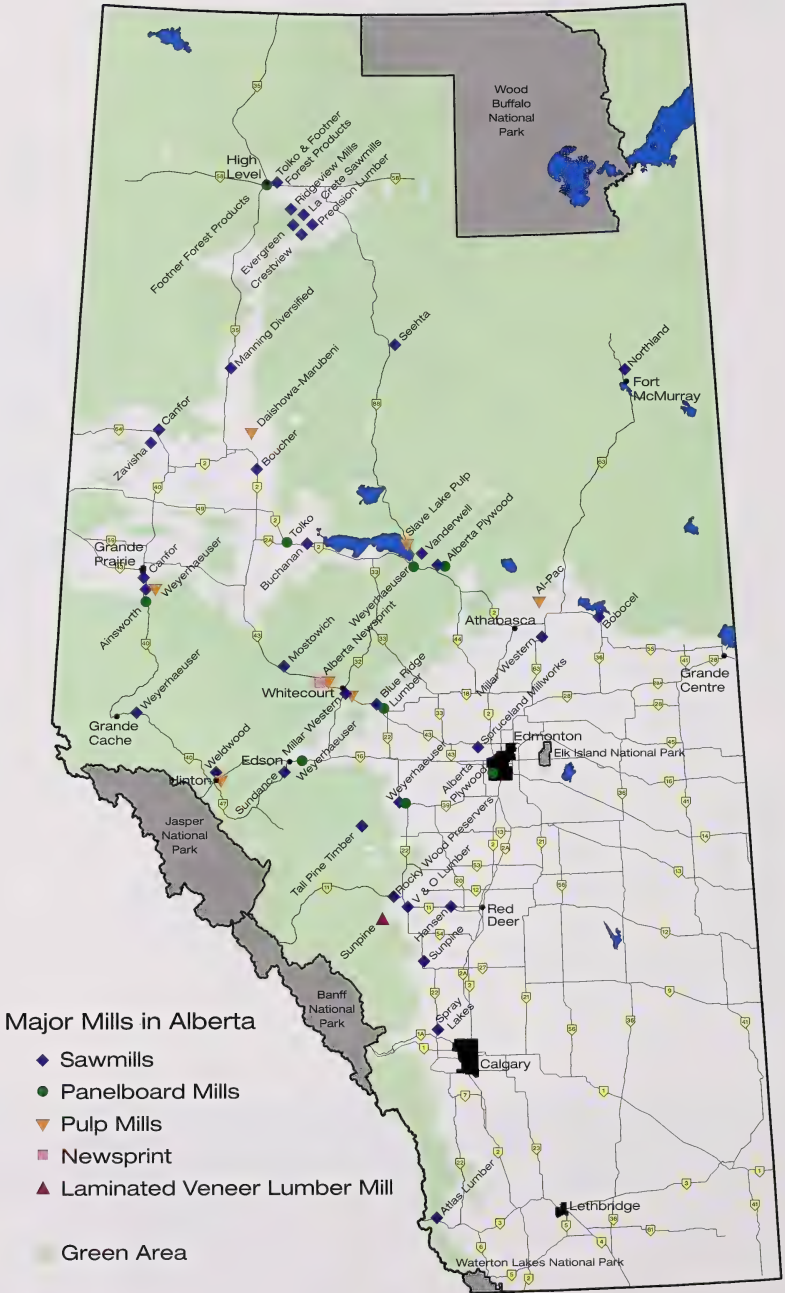
1,385,000

395,000

Alberta Forest Management Agreement Areas

Forest Management Agreement Boundaries (October 2004)





Air-dried Metric Tonne

a typical measure for pulp and paper.

Annual Allowable Cut (AAC)

the average yearly volume that may be harvested from a defined planning area.

Board foot

the base unit of measurement for lumber. This measurement is normally disclosed in thousand board feet (Mfbm). A board foot measures 12" x 12" x 1".

Coniferous

needleleaf, cone-bearing softwood (spruce, pine, fir) used for pulp, lumber and plywood.

Deciduous

typically broad-leaved, hardwood (aspen, poplar and birch) used for oriented strand board, pulp and lumber.

Direct

revenues generated by the respective primary or secondary industry.

Employment

measured in full time equivalents (FTE). One FTE is based on an average of 2,080 hours per year.

Forest Management Agreement (FMA)

a long-term, negotiated and legislated agreement between the Province of Alberta and a company to establish, grow and harvest timber on a perpetual sustained yield basis on a defined land area. The forest company is required to carry out forest management responsibilities, established according to a management plan approved by Alberta Sustainable Resource Development.

Forest Management Unit (FMU)

a defined area of forest land located in the Green Area and designated by the government to be managed.

Green Area

primarily the unsettled portion of the province defined as forest lands not available for agricultural development other than grazing. This provides a secure land base on which to practice long-term forest management.

Indirect

revenues generated by suppliers to the respective primary or secondary industry.

Induced

benefits to the economy generated by industry employees and suppliers spending their income.

Laminated Veneer Lumber (LVL)

structural wood member constructed of veneers laminated from which pieces of specific sizes can be trimmed. It is used in a variety of wood building products.

Log Volume Consumed

the source of log volume consumed is the Timber Production Revenue System maintained by Alberta Sustainable Resource Development. This represents log volumes delivered during the 2003 calendar year for production of forest products.

Oriented Strand Board (OSB)

a structural panel made of narrow strands of fiber oriented lengthwise and crosswise in layers, with a resin binder. Depending on the resin used, OSB can be suitable for interior or exterior applications (i.e. house and roof panelling).

Quota/Deciduous Timber Allocation

a 20-year allocation based on direct issue or competitive sale. A quota represents the right to harvest a share (as a percentage) of the AAC within a FMU or the right to harvest timber within a defined area of a FMU.

Stumpage/Protection Charges

cash fees and charges paid for stumpage rights. They include fees such as holding and protection charges and timber dues. In-kind services provided by the harvester for reforestation services and the like are over and above these fees.

Square foot

a typical measure of panelboard with a thickness of 3/8" for OSB, LVL and plywood.

Approximately 157 trees are used in the construction of the average 1,700 sq. ft. home in Alberta. This does not include kitchen cabinets, countertops, wood-framed windows and other furnishings.

Contacts

To receive a copy of this booklet, contact either the Alberta Forest Products Association or Alberta Sustainable Resource Development. Additional information about Alberta's forest sector are available at the websites mentioned below.

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